

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

MEMORANDUM

TO: Reading Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2016
DATE: November 6, 2014

Required Fiscal Year 2016 Appropriation: **\$5,184,813**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2016 which commences July 1, 2015.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2016 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by KMS Actuaries as part of their January 1, 2013 actuarial valuation.

If your System has a valuation currently in progress, you may submit a revised funding schedule to PERAC upon its completion. The current schedule is/was due to be updated by Fiscal Year 2016.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk



Reading Retirement Board

Projected Appropriations

Fiscal Year 2016 - July 1, 2015 to June 30, 2016

Aggregate amount of appropriation: **\$5,184,813**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2016	\$7,045,736	\$5,184,813	\$0	\$5,184,813	\$5,184,813	\$0	\$1,860,923
FY 2017	\$7,188,050	\$5,418,129	\$0	\$5,418,129	\$5,418,129	\$0	\$1,769,921
FY 2018	\$7,333,210	\$5,661,945	\$0	\$5,661,945	\$5,661,945	\$0	\$1,671,265
FY 2019	\$7,481,273	\$5,916,733	\$0	\$5,916,733	\$5,916,733	\$0	\$1,564,540
FY 2020	\$7,632,297	\$6,182,986	\$0	\$6,182,986	\$6,182,986	\$0	\$1,449,311

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

SECTION 9 - RESULTS BY DEPARTMENT

Department	Storm Water Enterprise		Housing		Municipal Light		School		Sewer		Water		Retirement		Town		Total
Projected Payroll	135,414		247,909		6,015,204		2,692,324		130,092		681,799		67,307		12,576,453		22,546,502
Y2014 Appropriation																	
5.1 Employer Normal Cost	7,303	5.39%	14,125	5.70%	407,334	6.77%	185,909	6.91%	5,236	4.02%	6,442	0.94%	2,116	3.14%	776,717	6.18%	1,405,182 6.23%
5.2 Amortization Payment of UAL*	(4,994)	-3.69%	13,989	5.64%	938,705	15.61%	364,342	13.53%	23,224	17.85%	69,975	10.26%	(2,116)	-3.14%	1,939,581	15.42%	3,342,707 14.83%
5.3 Total = 5.1 + 5.2	2,309	1.71%	28,114	11.34%	1,346,039	22.38%	550,251	20.44%	28,460	21.88%	76,417	11.21%	0	0.00%	2,716,298	21.60%	4,747,889 21.06%
Y2015 Appropriation																	
6.1 Employer Normal Cost	7,632	5.39%	14,761	5.70%	425,664	6.77%	194,275	6.91%	5,472	4.03%	6,732	0.94%	2,211	3.14%	811,668	6.18%	1,468,415 6.23%
6.2 Amortization Payment of UAL**	5,401	3.82%	21,122	8.15%	973,044	15.48%	466,323	16.57%	28,257	20.79%	106,399	14.93%	8,160	11.60%	1,884,423	14.34%	3,493,129 14.83%
6.3 Total = 6.1 + 6.2	13,033	9.21%	35,883	13.85%	1,398,708	22.25%	660,598	23.48%	33,729	24.81%	113,131	15.88%	10,371	14.74%	2,696,091	20.51%	4,961,544 21.06%
Y2016 Appropriation																	
7.1 Employer Normal Cost	7,975	5.39%	15,425	5.70%	444,819	6.77%	203,017	6.91%	5,718	4.02%	7,035	0.94%	2,310	3.14%	848,194	6.18%	1,534,493 6.23%
7.2 Amortization Payment of UAL	5,644	3.82%	22,073	8.15%	1,016,831	15.48%	487,307	16.57%	29,528	20.79%	111,187	14.93%	8,527	11.60%	1,969,222	14.34%	3,650,320 14.83%
7.3 Total = 7.1 + 7.2	13,619	9.21%	37,498	13.85%	1,461,650	22.25%	690,324	23.48%	35,246	24.81%	118,222	15.88%	10,837	14.74%	2,817,416	20.51%	5,184,813 21.06%

Notes:

1. Actuarial Value of Plan Assets (3.1) is derived from allocation of assets as shown on separate attachment.
2. FY2015 and FY2016 Appropriation is based on Funding Schedule D-Revised.
3. 2014 Employer Normal Cost (5.1) is the Employer Normal Cost as of July 1, 2013, adjusted for payment timing (1.6). 2015 Employer Normal Cost (6.1) is based on 2014 Employer Normal Cost (5.1) increased by 4.5%.
- *4. Amortization Payment of UAL (5.2) equals fiscal year 2014 budgeted appropriation (5.3) developed in the July 1, 2011 actuarial valuation less Employer Normal Cost (5.1).
- **5. Amortization Payment of UAL (6.2) is the total Amortization Payment of UAL (6.2) allocated to each department in the proportion that the UAL (4.1) less 2014 Amortization Payment of UAL (5.2) bears to the total UAL (4.1) less total 2014 Amortization Payment of UAL (5.2).

Reading Contributory Retirement System
Actuarial Valuation as of July 1, 2013